MASSACHUSETTS HEALTH MAINTENANCE ORGANIZATION ("HMO") PRODUCT OFFERINGS

INTRODUCTION

The following information summarizes the products available by carrier.

A. Closed Network Product

A traditional HMO product offering coverage for services provided by in-network providers with out-of-network care covered only in cases where urgent or emergency services are needed. These plans are subject to review according to M.G.L. c. 176G.

B. Dual Certificate (also known as "Point-of Service") Product

A dual certificate plan is a two certificate product jointly offered by (1) an HMO licensed according to M.G.L. c. 176G and (2) an indemnity carrier operating under the authority of M.G.L. c. 175, M.G.L. c. 176A or M.G.L. c. 176B. Under this product, the member receives two coverage contracts: an HMO evidence of coverage for services provided by in-network providers and an indemnity policy or subscriber certificate for services provided by out-of-network providers. The HMO plans are subject to review according to M.G.L. c. 176G and the indemnity plans are subject to M.G.L. c. 175, 176A or 176B.

C. Insured Preferred Provider Plan ("PPP") Product

An insured preferred provider health plan is a product with coverage for both in-network and out-of-network providers in the same coverage product, but with a financial incentive to receive care from the plan's network of preferred providers. These plans are subject to approval under M.G.L. c. 176I. The evidence of coverage may or may not contain a gatekeeper provision.[1]

[1] From *The Managed Care and Group Health Handbook*, by Jeff Sadler and Robert E. Parr, CLU, RHU, HIA, a "**gatekeeper**" is defined as "the physician who directs what care is given, how much care is given, and by whom the care is given." (p. 66) (© 1997, The National Underwriter Company)

II. PRODUCTS BY MARKET TYPE

A. Large Group Products

Large group products are offered to employment-based plan sponsors with 51 or more employees. Coverage is typically offered directly to the employer or union local, or to an employee benefit trust established by the employer or union for the purpose of providing group insurance benefits to all eligible group employees or union members on a non-discriminatory basis, without any individual underwriting or rating.

B. Small Group Products

Small group products are offered to employment-based plan sponsors, including self-employed individuals, with between one and fifty eligible employees. Carriers offering small group products comply with the benefit, eligibility and rating standards of M.G.L. c. 176J and regulation 211 CMR 66.00. Carriers operating in this market are required to offer each of their small group products to every eligible small group on a guaranteed issue basis.

C. Guaranteed Issue Nongroup Product

Nongroup products are offered to all persons not eligible to enroll through a group health plan. Carriers offering nongroup products must comply with the benefit, eligibility and rating standards of M.G.L. c. 176M and 211 CMR 41.00. According to M.G.L. c. 176M, carriers may only offer guaranteed issue health plans without medical underwriting, and only pre-existing condition limitations or waiting periods as permitted under the statute. Rates charged to eligible persons may only vary according to the specific rating factors allowed by M.G.L. c. 176M.

Guaranteed issued health plans must include a standard set of benefits, including emergency, hospital and physician services, preventive care, and prescription drugs administered on an outpatient basis and cost-sharing levels (deductibles and coinsurance) must satisfy required standards. Carriers may offer an enhanced plan with more than the standard benefits.

D. Medicare-Eligible Products

Most Medicare HMO plans, whether offered by a Health Maintenance Organization to individuals or through employers' retiree health benefit programs, are based on a contract that the HMO has with the federal government to replace Medicare benefits. A few HMOs offer so-called "Medicare Wraparound" plans, which supplement benefits offered by Medicare rather than replacing them. These plans only provide benefits when a person receives care from the HMO's provider, and are only available to employer groups.